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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Procurement reform

Draft resolution submitted by the Vice-Chairman following informal consultations

The General Assembly,

Recalling its resolution 49/216 C of 23 December 1994 and its decision 50/479 of 11 April 1996 as well as previous relevant resolutions,

Having considered the reports of the Secretary-General on procurement reform[1] and the related reports of the Advisory Committee on Administrative and Budgetary Questions,[2]

Having also considered the reports of the Office of Internal Oversight Services on procurement for the period from 1 July 1995 to 30 June 1996,[3] on the audit of procurement handled by the Contracts and Procurement Service of the Department for Development Support and Management Services,[4] on the investigation of alleged misappropriation of the United Nations assets at the

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[1] A/C.5/49/67, A/C.5/13/Rev.1 and A/C.5/51/9.

[2] A/50/7/Add.13 and A/51/7/Add.3.

[3] A/51/432, annex, chap. II.B.

[4] A/50/945, annex.

United Nations Gift Centre[5] and on the audit of the Headquarters catering operation,[6]

Having also considered the concise summary of the principal findings, conclusions and recommendations of the Board of Auditors,[7] especially paragraphs 20 to 36 thereof, as regards procurement, in conjunction with comments on the subject contained in the report of the Advisory Committee on Administrative and Budgetary Questions[8] and the measures proposed by the Secretary-General to implement the recommendations of the Board of Auditors concerning procurement,[9]

Noting the progress made in the efforts to prepare a new Procurement Manual,

Noting with concern the continuing weaknesses and deficiencies in the area of procurement,

Emphasizing the importance of establishing a supplier roster on as wide a geographical basis as possible,

Noting the observation of the Advisory Committee on Administrative and Budgetary Questions in paragraph 20 of its report,[10]

1. Takes note of the reports of the Secretary-General on procurement reform[1] and the reported actions already taken or in progress to implement the reform measures;

2. Regrets that more progress has not been made, in particular, in improving the procedures and the cost-effectiveness of the procurement process and in broadening the representativeness of the supplier base;

3. Welcomes the review by the Board of Auditors of the recommendations previously made by the General Assembly in its resolution 49/216 C on measures to improve the procurement process;

4. Takes note of the observations and recommendations contained in the reports of the Advisory Committee on Administrative and Budgetary Questions,[2] and endorses in particular the recommendation that procurement reform should be given the highest priority in the United Nations and its funds and programmes;

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[5] A/50/1004.

[6] A/51/802, annex.

[7] A/51/283, annex.

[8] A/51/533, paras. 20-21, 34-36 and 52-60.

[9] A/51/488, paras. 15-19 and A/51/488/Add.1, paras. 47, 14-21 and 26.

[10] A/51/7/Add.3.

5. Requests the Secretary-General to expedite efforts to develop a single format for the provision of data and a common reporting system for procurement undertaken in the field and at Headquarters under the responsibility of the Secretary-General, in order to produce a complete set of statistics to be included in future reports on procurement to the General Assembly;

6. Expresses concern that over the last two years eight procurement-related arbitration claims were instituted against the United Nations, totalling more than 90 million United States dollars and requests the Secretary-General to submit to the General Assembly at its fifty-second session a comprehensive report on procurement-related arbitration cases taking into account the obligations of the United Nations under the Arbitration Rules of the United Nations Commission on International Trade Law;[11]

7. Requests the Secretary-General to include in future reports on procurement also information on arbitration cases and the related costs;

8. Decides to revert to the question of the structure of the Procurement and Transportation Division and the Secretary-General's request for the Division to be headed by a Director at the D-2 level during its consideration of the programme budget for the biennium 1998-1999;

9. Requests the Secretary-General to fill the vacant posts relating to procurement as soon as possible;

10. Notes that there are officers on loan in the Procurement and Transportation Division and decides to revert to this issue during its consideration of the report of the Secretary-General on gratis personnel;

[11. Decides, as an incentive measure aimed at improving the financial basis of the Organization, to introduce in the procurement system of the Organization the provision that, among equally qualified vendors, preference should be given in the award of contracts for the procurement of goods and services to vendors from Member States current with their assessed contributions, as well as vendors from Member States unable to pay their assessed contributions promptly and in full for reasons beyond their control in the context of Article 19 of the Charter of the United Nations and from Member States which are net creditors to the Organization;]

12. Welcomes the efforts made to improve coordination with the United Nations procurement system, and encourages the further strengthening of such coordination;

13. Requests the Secretary-General to take further steps to improve the availability and timeliness, including through electronic access, of information relating to current and forthcoming procurement opportunities;

14. Welcomes the electronic announcement of United Nations contract awards through Procurement Update issued by the Inter-Agency Procurement Services

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[11] United Nations publication, Sales No. E.77.V.6.

Office on the Internet, and encourages the Secretary-General to make further use of this medium;

15. Requests the Secretary-general to report through the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its fifty-second session on the establishment of a standard procedure for the preparation of performance evaluation reports on vendors, in particular those with major contracts;

16. Expresses its concern about the insufficient use of expertise in procurement planning in eight peacekeeping missions, including the United Nations Protection Force and the United Nations Operation in Somalia, which led to payments for aircraft services not utilized, assessed at 2.4 million dollars in the United Nations Angola Verification Mission and 0.4 million dollars in the United Nations Observer Mission in Liberia;

17. Regrets that, owing to deficiencies in procurement planning and omissions to indicate specifications clearly, the Office of the United Nations High Commissioner for Refugees suffered a financial loss of about 3 million dollars;

18. Requests the Secretary-General to entrust the Office of Internal Oversight Services to investigate the situation mentioned in paragraphs 16 and 17 and to report thereon through the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its fifty-second session;

19. Endorses the concern of the Advisory Committee on Administrative and Budgetary Questions about the use of suppliers recommended by requisitioners, notes that this practice undermines the principle of segregation of responsibilities between requesting and procurement entities, and requests the Secretary-General to discontinue such practice;

20. Requests the Secretary-General to ensure that in no case will a consultant who has been engaged to prepare specifications and to assist in technical evaluation be allowed to recommend vendors for invitations to bid;

21. Also requests the Secretary-General to redouble his efforts to streamline all aspects of the decision-making process in procurement at Headquarters;

22. Notes that the local committees on contracts have the authority to consider cases ranging from 50,000 dollars to 200,000 dollars, while the Headquarters Committee on Contracts will consider cases in amounts above 200,000 dollars;

23. Takes note of the information supplied in paragraphs 93 and 94 of the report of the Board of Auditors,[12] indicating that 48 per cent of suppliers were from one Member State;

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[12] Official Records of the General Assembly, Fifty-first Session, Supplement No. 5 (A/51/5), chap. II.

24. Invites Member States to encourage their national suppliers to be registered in the supplier roster;

25. Requests the Secretary-General to expedite the steps being taken to establish a supplier roster on as wide a geographical basis as possible and to submit a report thereon, including a revised list of suppliers, through the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its fifty-second session;

26. Emphasizes that concerted efforts should be made to identify potential vendors in the developing countries and countries with economies in transition and to increase the representation from those countries in the bidding for and award of contracts in order to develop a supplier base that is more representative of the membership of the Organization;

27. Takes note of paragraph 13 of the report of the Advisory Committee on Administrative and Budgetary Questions,[10] and decides to revert to this issue during its consideration of the proposed programme budget for the biennium 1998-1999;

28. Requests the Secretary-General to take immediate action to ensure compliance with the established procedures for procurement, based on international competitive bidding and the widest possible geographical base of procurement;

29. Appreciates the efforts being made to address the problem of ex post facto cases, in particular for those offices away from Headquarters, and requests the Secretary-General to ensure that the approval of contracts on an ex post facto basis is kept to the minimum, with full justification for each such case;

30. Requests the Secretary-General to review the possibility of consolidating the procurement functions at United Nations Headquarters and to report thereon to the General Assembly as soon as possible, no later than September 1997;

31. Also requests the Secretary-General to develop an intensified training programme for all procurement personnel of the United Nations Secretariat and all its offices, including field offices of peacekeeping operations, and to develop the capacity to dispatch in a timely manner qualified and trained procurement personnel to new or expanded missions, and to report to the General Assembly at its fifty-second session on measures taken to enhance the training programme;

32. Further requests the Secretary-General to establish annual consolidated procurement plans as a part of procurement reform;

33. Requests the Secretary-General to complete the preparation of new Procurement Manual as soon as possible and to provide the necessary training for procurement personnel;

34. Requests the Board of Auditors to monitor and report on the completion of the new Procurement Manual in its next report and to monitor closely the implementation of its recommendation that the Procurement and Transportation Division should establish detailed guidelines on methods of invitation to bid covering all aspects of procurement, including open tendering;

35. Also requests the Board of Auditors to report in the next audit report of peacekeeping operations in January 1998 on the status of the implementation by the Secretary-General of its recommendations concerning the administration of Letters of Assist;

36. Welcomes the reports of the Office of Internal Oversight Services,[13] notes that the Secretary-General concurs with the recommendation of the Office, and requests the Secretary-General to ensure their full implementation;

37. Notes with concern observations of the Office of Internal Oversight Services in paragraphs 37 to 42 of its report,[4] and requests the Secretary-General to report on the precise action taken in this regard to the General Assembly at its fifty-second session;

38. Endorses the recommendations contained in the report of the Office of Internal Oversight Services on catering services,[6] and requests the Secretary-General to take action to achieve consistency in policy and practice with regard to catering operations at United Nations Headquarters and Geneva.

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[13] A/51/432, annex, chap. II.B; A/50/945, annex; A/50/1004; A/51/802, annex.